

MEMORANDUM

To: Participants in PSB Docket No. 7533

From: Susan M. Hudson, Clerk of the Board

Re: Standard Offer — Future Proceedings and Notice of November 23, 2009,
Workshop Re: Permitting Process

Date: November 13, 2009

The Public Service Board ("Board") has issued several orders implementing the standard-offer program for qualifying Sustainably Priced Energy Enterprise Development ("SPEED") facilities. In this memorandum, Board staff describe the additional proceedings related to the standard-offer program and the process by which these proceedings will be undertaken.

Given the number of moving parts involved in this program, and the number of participants, Board staff are establishing requirements for submitting material related to these future proceedings. In an e-mail dated October 28, 2009, Riley Allen informed the participants in the standard offer proceedings that future correspondence related to these proceedings should be via an electronic mailing list. In order to effectively keep track of these numerous proceedings, we direct participants to identify the subject matter of the e-mail according to the subject proceeding, as explained below. Participants should note that some of the issues listed in this memorandum will not be considered in this Docket, and future correspondence on these issues will not be sent to this e-mail list. In addition, any future requests for Board action must be sent electronically to the e-mail list and in hardcopy to the Board. Finally, we remind participants that any filing must be submitted in a format that allows participants and Board staff to extract text from the document (i.e., a PDF document cannot be in an "image" or "locked" format that limits text extraction).

January 15 Price Determination

Pursuant to the Vermont Energy Act of 2009, the Board is required to determine the standard-offer price that will be available to different eligible technologies. This process is currently underway, and the due date for interested parties to file testimony was

October 30, 2009. Any filings submitted in this proceeding must be submitted through the e-mail list with the subject line "Price Determination." For information on this proceeding, contact Riley Allen (riley.allen@state.vt.us) or George Young (george.young@state.vt.us).

Sharing of Costs and Benefits of Utility Projects

In the Board's September 30 and October 16, 2009, Orders, the Board determined that there was insufficient information to adequately address the mechanism for crediting qualifying projects owned and operated by utilities, as provided for in Section 8005(g)(2). In the September 30 Order, the Board stated:

We direct Board staff to conduct additional proceedings to further explore this issue and allow participants a greater opportunity to provide comments. In these proceedings, we direct Board staff to assume as a starting point, the following principles: (1) there should be reasonable incentives adequate to encourage utility-developed projects; (2) both the costs and benefits of utility-developed projects should flow to the utilities, to the extent permitted by statute; and (3) there should be an equitable allocation of the costs and benefits of the standard-offer program to all utilities, including both those that do and do not develop qualifying projects.¹

Any comments on this issue should be submitted by November 30, 2009, through the e-mail list with the subject line "Utility Projects." If requested, the Board will schedule a workshop for further discussion on December 8, 2009, at 1:30 p.m., in the Board's third floor hearing room, Chittenden Bank Building, Montpelier, Vermont. For information on this proceeding, contact Riley Allen (riley.allen@state.vt.us).

Allocation of SPEED Facilitator Costs Between Utilities and Developers

In the October 16 Order, the Board found that it was not in a position to "specifically establish the methodology that will be used to allocate expenses between the SPEED Facilitator and the project owners." The Board also stated that the methodology that would be adopted would "ensure that the expenses allocated to individual projects will not represent material costs for those projects."

We would like to begin moving towards devising a methodology consistent with the Board's Order. The statute allows the Board significant discretion, as it only requires that some level of sharing occur between the utilities and project owners. As a first step, we request that the SPEED Facilitator develop a proposal that is consistent with the Board's October 16 Order. The Facilitator should also consider how to handle costs in the first year or two of the program when there may be few generation facilities in operation.

¹Docket 7533, Order of 9/30/09 at 39.

This proposal should be circulated by December 7, 2009. Parties should submit comments on the proposal by December 21, 2009. If requested, the Board will schedule a workshop for further discussion in January. Filings on this issue should include "SPEED Facilitator Cost Allocation" in the Subject line.

Pending Motions

On October 15, 2009, Falling Waters, LLC filed a motion to alter or amend the standard contract with respect to the commissioning date for hydroelectric facilities. In addition, the motion also seeks to alter or amend the definition of site control contained in the standard contract. The Board addressed this latter issue in an Order dated October 28, 2009, and did not address Falling Waters' filing. Any comments on the motion, including whether the Board's determination regarding the definition of site control for hydroelectric facilities should be amended based on Falling Waters' filing, should be submitted to the e-mail list by November 30, 2009, with the subject line "Pending Motions."

On October 23, 2009, Redstone Commercial Group, LLC ("Redstone") filed a motion to alter or clarify our October 16 Order. In particular, Redstone requests that the Board clarify the remedy or process that occurs in the event that a project deviates from the capacity provided in Attachment A to the standard contract by more than five percent or five kW, whichever is greater. Any comments on the motion should be submitted to the e-mail list by November 30, 2009, with the subject line "Pending Motions."

Utility Exemption from the Standard Offer Program

Washington Electric Cooperative, Inc. ("WEC") has requested that it be exempted from the standard offer program pursuant to 30 V.S.A. § 8005(b)(7). Any comments on this issue should be submitted by December 4, 2009, through this e-mail list with the subject line "Utility Exemption." After December 4, this proceeding will no longer utilize the Docket 7533 e-mail list; any participant in this Docket that is interested in participating in future discussions of this issue must submit an e-mail to the Clerk of the Board (psb.clerk@state.vt.us) and Ed McNamara (ed.mcnamara@state.vt.us) by December 4, 2009.

Section 248 Permitting Process

In the Board's September 30, 2009, Order, the Board stated that it would convene a workshop to address the Section 248 review process, including potential changes to Board Rule 5.400 and potential recommended legislative changes to Section 248.² Board staff will convene such a workshop on November 23, 2009, at 1:30 p.m., in the Board's third floor hearing room, Chittenden Bank Building, Montpelier, Vermont. This proceeding will

²Docket 7533, Order of 9/30/09 at 60.

no longer utilize the Docket 7533 e-mail list; any participant in this Docket that is interested in participating in the Section 248 review process must submit an e-mail to the Clerk of the Board (psb.clerk@state.vt.us) and Ed McNamara (ed.mcnamara@state.vt.us) by noon on November 23, 2009. The subject line on the e-mail should be "Permitting Process".

Board Rule 5.500 — Interconnection Requirements

In the Board's September 30, 2009, Order, the Board directed staff to undertake any process necessary to amend the application form for Board Rule 5.500 and further directed staff to convene a workshop to determine what changes should be made to the Rule 5.500 Application Form, and whether modifications to the Rule are warranted as a result of the standard-offer program.³ A memorandum will be issued shortly establishing the date for a workshop on this issue. This proceeding will no longer utilize the Docket 7533 e-mail list; any participant in this Docket that is interested in participating in the Board Rule 5.500 review process must submit an e-mail to the Clerk of the Board (psb.clerk@state.vt.us) and Mary Jo Krolewski (mary-jo.krolewski@state.vt.us) by November 23, 2009. The subject line on the e-mail should be "Interconnection Requirements".

³*Id.* at 60-61.